



State of California
Employment Training Panel

Training Proposal for:
FullBloom Baking Company, Inc.

Agreement Type: \$75,000 or Less

Agreement Number: ET09-0242

Panel Meeting of: **October 17, 2008**

ETP Regional Office: **San Francisco Bay Area**

Analyst: A. Nastari

CONTRACTOR:

- Type of Industry: Manufacturing:
Priority Industry: ☒ Yes ☐ No
- Contractor's # of Full-Time Employees:
 - *California:* 210
 - *Worldwide:* 210
 - Number to be trained: 71
- Manager/Supervisor: 15%
- Turnover Rate: 28%
- Repeat Contractor: ☐ Yes ☒ No
- Substantial Contribution: ☐ Yes ☒ No

CONTRACT:

- Training Project Profile: Priority/Retrainee
- ETP Funding Amount: \$51,120
- In Kind Contribution: \$59,160
- Average Cost per Trainee: \$720
- Post Retention Wage: \$14.02
- Health Benefits: \$1.40 per hour
- Occupations to be Trained: Administrative Staff; Engineers; Managers; Production/Warehouse Staff; R&D Product Developers; R&D Technician; Supervisors; Support Staff

- Training Menu:

<input checked="" type="checkbox"/> Computer	<input type="checkbox"/> Management
<input type="checkbox"/> Commercial	<input checked="" type="checkbox"/> Business
<input checked="" type="checkbox"/> Cont. Improvement	<input checked="" type="checkbox"/> Other: Manufacturing, Literacy
- Advanced Technology: ☐ Yes ☒ No
- Range of Hours: 24-200 Weighted Avg: 40
- Multiple Job Numbers: ☐ Yes ☒ No
- County(ies) Served: Alameda
- Union Representation: ☐ Yes ☒ No
- Subcontractor: To Be Determined
- Third Party Services: None

INTRODUCTION

FullBloom Baking Company, Inc. (FullBloom) produces approximately 120,000 baked goods daily consisting of muffins, cookies, scones, and croissants. FullBloom uses organic and/or all natural ingredients in its products which are sold and distributed to cafes, school systems, supermarkets, and under private labels throughout Northern California. Originally founded over 19 years ago in Menlo Park, this woman-owned company has recently experienced vast growth in its customer base, product offerings, workforce, and manufacturing facility.

To address business expansion needs, FullBloom moved from its original location in Menlo Park to Newark. New equipment was purchased and production processes were changed from batch mode (manually handled step-by-step manufacturing) to two continuous, automated processing lines, which increased production by 80%. Because FullBloom products are artisan-quality, hand-crafting is interwoven into the automated production.

FullBloom has set goals to increase product offerings, at customers' request, and expand into national marketing and sales. However, these goals require FullBloom to increase current certification standards and obtain additional certifications in order to become more marketable to a wider range of customers. FullBloom's goals include:

- To increase its American Institute of Baking Certification score from Excellent to Superior;
- To obtain kosher certification, by changing some production processes, in order to satisfy potential new customer requirements; and
- Streamline manufacturing processes and implement purchasing, logistical, financial, and human resources integrated systems which will allow moving the company towards a high performance workplace.

FullBloom is committed to implementing environmentally conscious processes. The company has set a goal to achieve certification from Leaders in Energy and Environmental Design (LEED) provided by the U.S. Green Building Council, a non-profit organization committed to expanding sustainable building practices. The certification is designed for the company's energy efficiencies and waste reduction throughout its production processes, including packaging.

LEED is a third-party certification program and the nationally accepted benchmark for the design, construction and operation of high performance green buildings. LEED gives building owners and operators the tools they need to have an immediate and measurable impact on their buildings' performance. LEED promotes a whole-building approach to sustainability by recognizing performance in five key areas of human and environmental health: sustainable site development, water savings, energy efficiency, materials selection and indoor environmental quality. Training in LEED processes will assist FullBloom in promoting environmentally and socially responsible practices.

FullBloom's goals require the company to improve frontline workers' decision-making skills which will lead to the creation of a strong team workforce. It is essential to improve plant organization, productivity, and accountability. FullBloom must implement quality improvement processes, while cross-training production workers in its equipment operations and maintenance processes. FullBloom will also implement software systems for the integration of inventory control, production scheduling and planning, project management, and financial reporting.

Additionally, in order to be able to increase production, expand product offerings, and develop a flexible workforce FullBloom must train and cross-train more production workers in essential recipe development, measurement, and supply chain reporting. However, this requires that some workers increase their Literacy skills in Basic English and math to meet new job duties and responsibilities.

Training in business, computer, continuous improvement, literacy, and manufacturing skills will address FullBloom's company-wide specific needs required to meet its overall goals.

Waiver to High Turnover

The ETP program is designed to fund training for stable, secure jobs. Thus, the employer's turnover rate cannot exceed 20% annually for the facility where training is requested. However, the Panel may accept a higher turnover rate if the employer provides evidence that the proposed training will significantly decrease the turnover, or if the employer experienced a recent significant reduction in force, or if industry data supports a higher turnover rate. (Title 22, California Code of Regulations, Section 4417(a).)

FullBloom is requesting a waiver to its high turnover rate of 28% for the 2007 calendar year. The company's representatives report that the high turnover was not typical for FullBloom and that it was primarily due to the company's move from its Menlo Park facility to Newark in 2007. FullBloom's turnover rate for the 2005, calendar year was 17%, while in 2006 it was 18%. Currently, FullBloom's year-to-date turnover rate is at 12%.

In order to motivate employees to move with the company, it offered incentives such as loans and provided relevant neighborhood information to educate employees on the city and its surrounding areas. However, many employees did not want to or did not have the option to

commute to the new work facility. Some of the employees who did move could not adapt to the new environment, facility, and equipment which also contributed to the high turnover.

To ensure that the turnover remains low, FullBloom improved its benefits package by offering two different health and dental plans, added life insurance, increased personal time off, and revised the 401K plans to offer more options and greater flexibility.

Based on the information provided by the representatives, it's been determined that the company's recent significant reduction in its workforce was a one time anomaly. Staff recommends that the Panel grant this waiver because it will assist the company in providing workers the skills necessary to remain in secure employment as the company expands its business initiatives.

RECOMMENDATION

For the reasons set forth above, staff recommends approval of this proposal, including its request for a waiver to the high turnover.